



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Sachi A. Hamai, Executive Officer-
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Chief Administrative Officer
Director of Public Social Services

At its meeting held Wednesday, July 5, 2006, the Board took the following action:

73-B

Supervisor Knabe made the following statement:

"The report released last week by the Los Angeles County Civil Grand Jury on fraud in the child care program served to underscore the lack of effective, consistent oversight of public funds intended for child care subsidies for families most in need, which is an issue I have been continually raising in Sacramento.

"I agree with the Grand Jury that there is an increasing prevalence of fraud in child care programs. The Director of the Department of Public Social Services has acknowledged this in testimony to this Board and has reported this on numerous occasions. However, what I believe the report failed to capture is exactly where the child care fraud is occurring and is most prevalent. Los Angeles County has a well-established welfare fraud prevention unit that works closely with the Los Angeles County District Attorney, to detect, prevent and prosecute welfare fraud, including Stage 1 Child Care fraud, which the County has direct responsibility for. Yet, there is no such system in place for the Stage 2 and Stage 3 Child Care programs, which are administered directly by the California Department of Education (CDE).

"I sponsored legislation – SB 1421 – authored by State Senator Margett – that would address this problem head on. The bill would establish a two-year pilot project in Los Angeles County to investigate potential incidents of fraud in Stage 2 and 3, and develop procedures that could be duplicated statewide. The total cost for the pilot is \$1.2 million per year for 2 years.

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“My office participated directly in the design of the pilot and led the lobbying effort in support of the bill, which included this Board of Supervisors and the District Attorney. We successfully testified in front of the Senate Education Committee and the Human Services Committee, and met with key legislators and CDE to make our case for the need for the State to address this discrepancy immediately. After successful passage through two policy committees, SB 1421 was placed in the Senate Appropriations suspense file, where it currently remains.”

Therefore, on motion of Supervisor Knabe, seconded by Supervisor Antonovich, unanimously carried, the Board took the following actions:

1. Instructed the Chief Administrative Officer to:
 - Instruct the County's Legislative Advocates to advocate in Sacramento to remove SB 1421 (Margett) from the Senate Appropriations suspense file, legislation that would establish a two-year pilot project in Los Angeles County to investigate potential incidents of fraud in Stage 2 and 3 Child Care under the jurisdiction of the California Department of Education (CDE), and would develop procedures that could be duplicated Statewide at a cost of \$1.2 million per year for two years; and
 - Send a letter to Senator Kevin Murray, Chairman of the Senate Appropriations Committee, urging him to move the bill forward; and
2. Instructed the Director of Public Social Services to work in concert with the Child Care Alliance to work with the CDE on alternatives towards addressing the serious problem of fraud in Stage 2 and 3 Child Care programs; and report back to the Board within 30 days.

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Copies distributed:
Each Supervisor
County Counsel